

Needham Town Meeting
May 2, 2022

**Needham Housing Authority
CPA Funding Articles under Consideration**

Article 17

Appropriate for NHA Pre-Development Linden Chambers

Article 18

Appropriate for NHA Property Survey

**INFORMATION
&
FREQUENTLY ASKED QUESTIONS (FAQs)**

OVERVIEW

NHA Modernization and Redevelopment Initiative – In 2021, Needham Housing Authority (NHA) launched a 5-10 year Modernization and Redevelopment Initiative (MRI). With respect to NHA’s housing stock and developments, its goals are to:

1. Redevelop our Linden Street & Chambers Street properties (senior/disabled housing).
2. Redevelop our High Rock Estates property (family housing).
3. Renovate/preserve our Seabeds property (senior/disabled housing).
4. Preserve/renovate our Capt. Robert Cook property (family housing).
5. Build ~120 new units of deeply affordable housing on underutilized NHA land.

This year’s CPA funding, if approved by Town Meeting, will support the first two goals. Over a five-year period, it is anticipated that ~\$12 million of Needham CPA funding could leverage NHA’s ability to attract ~\$96 million of outside (non-Needham taxpayer) funding to accomplish the MRI’s goals.

BACKGROUND

NHA Formation & Mission – The Needham Housing Authority (NHA) was formed on May 7, 1948, by vote of Needham Special Town Meeting. NHA is organized under the provisions of Massachusetts General Laws, Chapter 121B, as amended. For Needham, Chapter 121B empowers NHA to provide deeply affordable housing for low-income families, elderly persons and disabled persons, and to engage in preservation, modernization, redevelopment, and new construction projects.

NHA’s mission statement is “to provide decent, safe and affordable housing for low to moderate income families and individuals, and to offer programs and resource to improve the quality of life for our residents.” At it’s most basic level, the NHA defines its mission 1) to be an excellent landlord and 2) to advocate for and create more deeply affordable units in Needham. To achieve our mission, the NHA proactively pursues opportunities to preserve, repair, and modernize our existing housing stock, as well as to develop additional new deeply affordable homes for low income people who want to live in Needham.

The NHA manages 160 units of state subsidized housing and 176 units of federally subsidized housing, collectively occupying ~42 acres of land in Needham. NHA tenants do not pay more than 30% of their monthly income for rent. “Subsidized” means that either the state or federal government provides NHA the difference between the total rent collected from NHA tenants and the costs of property management, maintenance and capital improvements.

NHA also manages 120 Section 8 vouchers, another federal housing program. With a Section 8 voucher, a low-income individual or family can rent a home from a private sector landlord, paying no more that 30% of their monthly income in rent. The difference between what the tenant pays and the market rate rent is paid by the NHA to the landlord.

In sum, NHA manages a total of 456 units of deeply affordable housing that are available for income-qualifying residents in Needham. 336 units are provided in six developments managed by NHA. 120 units are provided by private sector landlords to tenants who have Section 8 vouchers provided by NHA. To be eligible for a deeply affordable unit, an individual or family must earn less than 50% of the Area Median Income (AMI). The 2021 AMI for Needham is \$84,560 for a single person and \$120,800 for a family of four. Waiting lists for available NHA units are typically 2+ years long, and preference is given to existing Needham residents.

NHA housing units are distributed among 115 structures that range from single family residences to duplexes to multi-unit apartment buildings. Five additional buildings are used for community services and maintenance. The buildings are located in northern Needham near the radio tower off of Central Avenue and in the High Rock neighborhood west of Needham Junction. Both the buildings and approximately 43 acres of land owned are owned by NHA.

THE PROBLEM

Aging Infrastructure—The vast majority of the NHA buildings are quite old and have suffered from years of inadequate capital investment:

- 60 buildings are more than 70 years old
- 25 buildings are more than 60 years old
- 10 buildings are more than 40 years old
- 20 buildings are relatively new

Few of the structures meet contemporary standards for accessibility, sustainability, or resident amenities. 152 of the units are tiny studio apartments of 400 ft² – 430 ft² in size. NHA has endured decades of underfunding from the state and federal governments, leading to a substantial amount of deferred maintenance and capital improvements. Most need a significant infusion of new capital funds for improvements and modernization. First articulated in Needham's 2004 Community Development Plan, the Town's goal of redeveloping NHA's Linden Street and Chambers Street properties – perhaps the most prominent of the NHA's dated facilities – is yet to be achieved.

Shortage of Affordable Housing – The need for affordable housing is great. In recent years, the shortage of affordable housing for families, seniors and the disabled in Needham has received considerable attention in the press and the community. All of these demands take place in a broader local and regional context where there's a severe shortage of affordable housing, especially for low and very low-income Needham residents.

FREQUENTLY ASKED QUESTIONS

Article 17

Appropriate for NHA Pre-Development Linden Chambers – \$1,386,000

What is being funded?

Article 17 seeks funding to start predevelopment activities to enable the redevelopment of the Linden Street and Chambers Street state public housing developments for senior /disabled individuals. The buildings and units are approximately 50-60 years old. Besides being worn out and at the end of their useful lifetime, they suffer from a number of serious deficiencies: lack of accessibility, very small units, insufficient storage space, lack of insulation, no elevators, inefficient land use, etc. Very low operating subsidy funding from the state has resulted in an accumulation of deferred capital improvements. Given the lack of accessibility and poor conditions, NHA has determined that a redevelopment is the appropriate strategy for improving living conditions for residents at the Linden Street and Chambers Street properties.

If Article 17 is approved, NHA intends to engage an architect/engineering firm to prepare the schematic design drawings that are a prerequisite to obtain zoning relief, and complete other critical pre-development due diligence tasks. The results are a pre-requisite for the Linden/Chambers Redevelopment Project to compete for construction funding. The requested CPA funds will also help determine the feasibility of completing the overall project in phases, and explore options for temporary tenant relocation during the construction period.

Where are the Linden/Chambers properties located? What do they look like?

These NHA owned and operated state public housing developments are built on 8.2 acres of land across from High Rock School. They are located on:

- Linden Street (72 studio units for seniors/disabled in 18 single story buildings)
- Chambers Street (80 studio units for seniors/disabled in 5 two story buildings)

Please see the map included in Attachment A and property photos in Attachment B.

Is there any other funding available from non-Needham taxpayer sources?

The Needham CPA funds will enable NHA to leverage \$1.25 million ARPA funding and \$1.5 million of Partnership for Growth funding to complete all pre-development tasks for the Linden Street and Chambers Street properties. Nearly all of the construction funding will come from non-Needham taxpayer sources.

What are the benefits to Needham and to the NHA?

Redeveloping Linden/Chambers has been a top Needham priority ever since the publication of the Town's 2004 Community Development Plan. This priority was re-affirmed in the 2007 Affordable Housing Plan and we will be carried forward to the 2022 Affordable Housing Plan currently under development.

Redeveloping Linden/Chambers will result in many benefits to Needham. When completed,

the new units will:

- Have a 50+ year expected lifespan, preserving this deeply affordable housing resource for generations to come.
- Meet 21st century standards for accessibility, energy efficiency, space, amenities, etc.
- For the first phase of the Linden-Chambers re-development, Article 17 funding will leverage ~\$25 million of outside funding.
- All units will be preserved as deeply affordable in perpetuity (i. e. for residents with income <50% of AMI).

How much additional funding is needed for the Linden-Chambers redevelopment?

Where will the money come from?

Raising and securing additional for the overall project is a key challenge given the significant shortfall of resources available from existing state funding sources. Completing the Linden-Chambers schematic design will get the project close to “shovel-ready” status, which will make it more eligible and competitive for future capital funding needed to complete the redevelopment. Currently, NHA anticipates the overall redevelopment of Linden-Chambers to cost around \$115 million, with a first phase of approximately 60 units costing around \$30 million and a second (and maybe third) phase of approximately 240 units costing around \$85 million. As more information becomes available about the phasing and scope of the project, the NHA will work with its consultants to refine the project budget and financing strategies.

Expecting to close \$115 million in funding for the entire project in the near future is unrealistic at this time. But with a well thought through schematic design and a phased construction approach, it’s credible that \$30 million financing could be secured for the first phase of construction, which could produce up to 60 units, half of them net new units. Potential sources of funds include, but are not limited to, 4% Low Income Housing Tax Credit equity, permanent mortgages, soft funding from DHCD, local sources such as CPA funding and operating subsidies, and federal sources such as Section 202

What is the expected timeframe for Linden-Chambers redevelopment?

The development timeline will be further developed and confirmed during the pre-development stages of the project and as schematic design drawings are in the process of being developed. Currently, we expect Linden-Chambers to proceed in 2-3 stages, each 18 months long. The first construction phase could start late 2024/early 2025.

What zoning changes will need to be accomplished for these projects?

For the Linden-Chambers redevelopment, changes will be required to existing Needham zoning for the area in which the property is located. Figuring out the changes required is a major task of the schematic design that will be funded by Article 17, if approved at Town Meeting. NHA will work closely with the Needham Planning Department and Planning Board to ensure that any changes are consistent with the overall development strategies for the Town.

What permits will be required from the Needham Building Department?

Any redevelopment will be in compliance with the latest state and local building codes. All projects will be subject to the normal Needham construction permitting requirements and inspections.

FREQUENTLY ASKED QUESTIONS

Article 18 Appropriate for NHA Property Survey – \$81,978

What is being funded?

Article 18 seeks funding for the completion of an Existing Conditions Survey for the High Rock Estates property, one of three NHA's federally subsidized deeply low-income housing developments. High Rock Estates consists of sixty 2-3 bedroom single family bungalows on ~25 acres of land.

An Existing Conditions Survey is a prerequisite for applying to the U.S. Department of Housing and Urban Development (HUD) for the approval of the repositioning of NHA's federal housing developments. "Repositioning" means transferring the NHA funding subsidization stream from Section 9 of the US Housing Act of 1937 (public housing) to Section 8 of the 1937 Act. When repositioning is completed, it will generate substantial additional annual operating and capital improvement resources. NHA will use the additional resources generated:

- As part of the funding needed to redevelop the 60 High Rock Estates bungalows into 60 duplexes.
- To renovate and preserve the 4 buildings at Seabeds Way and 6 buildings at Capt. Robert Cook Drive.

This Article 18 funds the Survey needed for the High Rock Estates property. Using NHA financial reserves, similar surveys will be completed for NHA's other two federal properties: Seabeds Way and Capt. Robert Cook. For each property, its survey will provide a comprehensive assessment of the condition of the buildings, including elements such as building envelopes, HVAC systems, interior finishes and fixtures, accessibility compliance, electrical, lighting, and plumbing systems, fire protection, site deficiencies (including underground utilities), and code upgrade requirements. The estimated cost of renovation will be calculated for each property and provided in the final reports.

Where are the properties located? What do they look like?

The three NHA-owned and operated federally subsidized housing developments are located on the following streets in Needham:

- High Rock Estates -- Linden Street, Yurick Road, Murphy Street, Sylvan Road, Memorial Circle (60 units of deeply affordable family housing)
- Seabeds Way (46 units of deeply affordable senior/disabled housing)
- Captain Robert Cook Drive (30 units of deeply affordable family housing)

Please see the map included in Attachment A and property photos in Attachment B.

Are there any matching funds from non-Needham taxpayer sources?

All NHA's federal properties will be repositioned at the same time. NHA will provide \$144,000 from its financial reserves to complete the surveys for Seabeds and Capt. Robert Cook properties. After repositioning is accomplished for all three properties, the federal subsidy received by NHA is expected to increase ~\$1,000,000/year. NHA will also be able to unlock \$20 million of additional capital funding.

What are the benefits to the Needham and NHA?

Using the financial resources generated by repositioning, the benefits to Needham and NHA are:

- To renovate/preserve the Seabeds Way and Capt. Robert Cook units as deeply affordable housing, extending their useful lifetimes 40+ years.
- Building 60 additional units of deeply affordable family housing units in Needham.

When will the repositioning applications be submitted to and approved by HUD?

Our goal is to submit the repositioning applications in the Fall of 2022. We expect the applications to be approved in Q1, 2023.

What will happen to current residents during the renovation/redevelopment projects?

Federal regulations require that NHA residents be informed and involved every step of the way, and provide for protections. Every reasonable effort will be made to minimize their inconvenience. NHA residents will never be required to pay any temporary relocation expenses out-of-pocket.

For the redevelopment of High Rock Estates, residents would need to be relocated to allow the construction to occur. They would likely be relocated to another unit in the NHA portfolio or use an available Section 8 voucher for private sector housing. NHA will engage residents in a relocation planning process when the projects are further along and there is a better sense of their scope and timeline.

It is too early to determine the level of work that would be involved in the renovation of Captain Robert Cook and Seabeds Way, and therefore whether and if residents would need to be temporarily relocated during construction. If temporary relocation is needed, various strategies can be used, such as maintaining vacant units in a development or temporary relocation to equivalent housing elsewhere in Needham.

What zoning changes will need to be accomplished for these projects?

For the High Rock Estates redevelopment, no changes to the current Needham zoning are anticipated if the 60 bungalows are redeveloped into 60 duplexes. However, if the plan is changed (e. g. to triplexes or cluster zoning), then zoning relief will be required. NHA will work closely with the Needham Planning Department and Planning Board to ensure that any changes are consistent with the overall development strategies for the Town.

For the Seabeds/Cook renovation/modernization, it is anticipated that no changes to the existing zoning will be needed.

What permits will be required from the Needham Building Department?

Any redevelopment or renovations will be in compliance with the latest state and local building codes. All projects will be subject to the normal Needham construction permitting requirements and inspections.

Attachment A Site Maps

Map of Needham and Location of NHA Properties and East Militia



Linden Street and Chambers Street:



High Rock Estates:



Attachment B **Property Photos**

Linden Street:



Chambers Street:



High Rock Estates:

